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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

RARI CAPITAL, INC., JAI BHAVNANI,
JACK LIPSTONE, and DAVID LUCID,

Defendants.

Case No.2:24-cv-7967

**FINAL JUDGMENT
AS TO DEFENDANT
JACK LIPSTONE**

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Jack Lipstone (“Defendant”) having entered a general appearance;
3 consented to the Court’s jurisdiction over Defendant and the subject matter of this
4 action; consented to entry of this Final Judgment without admitting or denying the
5 allegations of the Complaint (except as to jurisdiction and except as otherwise
6 provided herein in paragraph VII); waived findings of fact and conclusions of law;
7 and waived any right to appeal from this Final Judgment:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant
10 is permanently restrained and enjoined from violating Sections 17(a)(2) and 17(a)(3)
11 of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77q(a)(2) and
12 77q(a)(3)] in the offer or sale of any security by the use of any means or instruments
13 of transportation or communication in interstate commerce or by use of the mails,
14 directly or indirectly:

- 15 (a) to obtain money or property by means of any untrue statement of a
16 material fact or any omission of a material fact necessary in order to
17 make the statements made, in light of the circumstances under which
18 they were made, not misleading; or
19 (b) to engage in any transaction, practice, or course of business which
20 operates or would operate as a fraud or deceit upon the purchaser.

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
22 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
23 binds the following who receive actual notice of this Final Judgment by personal
24 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
25 attorneys; and (b) other persons in active concert or participation with Defendant or
26 with anyone described in (a).

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II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)], by making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers’ acceptances, or commercial bills) unless he is registered with the Commission as a broker or dealer in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)], or associated with a broker or dealer registered with the Commission in accordance with Section 15(b) of the Exchange Act.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), (d)(5)], Defendant is, for a period of five years following the date of entry of this Final Judgment, restrained and enjoined from directly or indirectly, including, but not limited to, through any entity owned or controlled by Defendant, participating in the issuance, purchase, offer, or sale of any crypto assets offered and sold as securities; provided, however, that such injunction shall not prevent Defendant from purchasing or selling securities for his own personal accounts.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 **IV.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant
9 to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], Defendant is
10 prohibited, for a period of five years following the date of entry of this Final
11 Judgment, from acting as an officer or director of any issuer that has a class of
12 securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or
13 that is required to file reports pursuant to Section 15(d) of the Exchange Act [15
14 U.S.C. § 78o(d)].

15 **V.**

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
17 Defendant is liable for disgorgement of \$2,685.30, representing net profits gained as
18 a result of the conduct alleged in the Complaint, together with prejudgment interest
19 thereon in the amount of \$514.68. The Court finds that sending the disgorged funds
20 to the United States Treasury, as ordered below, is consistent with equitable
21 principles. The Court further imposes a civil penalty in the amount of \$40,000.00
22 pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section
23 20(d) of the Securities Act [15 U.S.C. § 77t(d)]. Defendant shall satisfy these
24 obligations by paying \$43,199.98 to the Securities and Exchange Commission
25 within 30 days after entry of this Final Judgment.

26 Defendant may transmit payment electronically to the Commission, which
27 will provide detailed ACH transfer/Fedwire instructions upon request. Payment may
28 also be made directly from a bank account via Pay.gov through the SEC website at

1 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
2 check, bank cashier's check, or United States postal money order payable to the
3 Securities and Exchange Commission, which shall be delivered or mailed to

4 Enterprise Services Center
5 Accounts Receivable Branch
6 6500 South MacArthur Boulevard
7 Oklahoma City, OK 73169

8 and shall be accompanied by a letter identifying the case title, civil action number,
9 and name of this Court; Jack Lipstone as a defendant in this action; and specifying
10 that payment is made pursuant to this Final Judgment.

11 Defendant shall simultaneously transmit photocopies of evidence of payment
12 and case identifying information to the Commission's counsel in this action. By
13 making this payment, Defendant relinquishes all legal and equitable right, title, and
14 interest in such funds and no part of the funds shall be returned to Defendant. The
15 Commission shall send the funds paid pursuant to this Final Judgment to the United
16 States Treasury.

17 The Commission may enforce the Court's judgment for disgorgement and
18 prejudgment interest by using all collection procedures authorized by law, including,
19 but not limited to, moving for civil contempt at any time after 30 days following
20 entry of this Final Judgment. The Commission may enforce the Court's judgment
21 for penalties by the use of all collection procedures authorized by law, including the
22 Federal Debt Collection Procedures Act, [28 U.S.C. § 3001](#) *et seq.*, and moving for
23 civil contempt for the violation of any Court orders issued in this action.

24 Defendant shall pay post judgment interest on any amounts due after 30 days
25 of the entry of this Final Judgment pursuant to [28 U.S.C. § 1961](#).

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VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent of Defendant Jack Lipstone is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the allegations in the Complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).


VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

DATED: September 19, 2024


Percy Anderson
UNITED STATES DISTRICT JUDGE